

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: CITY OF MANILLA, MUNICIPAL GAS DEPARTMENT	DOCKET NO. SPU-01-16
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**ORDER ESTABLISHING TIME TO RESPOND TO APPLICATION FOR
DISCONTINUANCE OF SERVICE**

(Issued February 27, 2002)

On October 25, 2001, the Utilities Board (Board) opened this docket to investigate whether the City of Manilla, Municipal Gas Department (Manilla) had discontinued natural gas service without Board approval in violation of Iowa Code § 476.20(1) (2001). The investigation was initiated based upon a letter filed on October 9, 2001, by Howard Ahrenholtz, Randy Ahrenholtz, Art Joens, Jay Miller, Terry Schechinger, and Marvin Vennink (Complainants). The filing was identified as Docket No. SPU-01-16. On November 2, 2001, Manilla filed a response indicating that it had not made a final decision whether to discontinue the service to Complainants and their properties.

The Board on January 18, 2002, issued an order directing Manilla to file an updated response concerning the decision to discontinue service. On January 24, 2002, Complainants filed supplemental information concerning the discontinuance. On February 20, 2002, Manilla filed the updated response and an application to

discontinue natural gas service to the following customers and locations:

Randy Ahrenholtz	3433 Hwy 141, Manilla, IA
Ahrenholtz Seeds	3431 Hwy 141, Manilla, IA
Terry Schechinger	3130 340th St., Manilla, IA
Art Joens	3166 340th St., Manilla, IA
Marvin Vennink	3246 340th St., Manilla, IA
Jay Miller	3270 340th St., Manilla, IA

In support of the discontinuance Manilla states that the customers all reside outside of the city limits and that on August 9, 2001, the pipeline serving the customers was severed. Manilla states that the pipeline serving the customers was 35 years old and was a three-inch PVC pipe not approved for use for natural gas service. Manilla then states that initial estimates to install a new pipeline ranged from \$81,000 to \$147,000.

Manilla indicates that two of the customers were provided electric water heaters to replace natural gas water heaters and that the customers were offered the option of being converted to LP gas to be paid for by Manilla. According to Manilla, the offer was made on September 18, 2001, and Complainants have not responded to the offer. Manilla states that it understands that all of the customers that needed winter heat converted to LP gas.

Manilla asserts that the cost of the construction of a new pipeline would have to be borne by the other 454 customers, and that the original line was not constructed by Manilla, but by a seed company. Manilla asserts that the cost of a new line should be borne by the end-users who would benefit from the service. In addition, Manilla points out that the type of pipe used in the original construction indicates that the seed company did not intend for the line to be permanent. Finally, Manilla indicates that it will pay for the cost of conversion up to \$2500 per customer,

and the natural gas needs of the customers can be effectively provided by LP gas conversion.

The Board has received a substantial quantity of information concerning this application for discontinuance during its investigation. Now that Manilla has made a formal application under Iowa Code § 476.20(1), the Board is required by 199 IAC 7.12(3) to issue a decision or docket the matter for further investigation by March 22, 2002, or the application is deemed approved. To ensure that Complainants have provided a full response to all of the information provided by Manilla, the Board will allow Complainants until March 11, 2002, to file a response to the application and to provide any additional information that they deem relevant.

IT IS THEREFORE ORDERED:

A response to the application to discontinue natural gas service to the customers and locations as described in this order, filed by the City of Manilla, Municipal Gas Department, on February 20, 2002, shall be filed on or before March 11, 2002.

UTILITIES BOARD

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 27th day of February, 2002.